Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
National Exchange Carrier Association Petition	)	RM-10603
For Rulemaking to Adjust the Applications of End	)	DA 02-3062
User Common Line Charges On Certain T-1	)	
Exchange Access Services	)	

COMMENTS
OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

The National Telecommunications Cooperative Association (NTCA)[1] hereby submits its comments in response to the Commission's November 8, 2002, Public Notice requesting comment on the National Exchange Carrier Association's (NECA) petition for rulemaking to adjust the application of end user common line charges on certain T-1 exchange access services.

Specifically, NECA requests that the Commission amend section 69.104 of its rules[2] to permit the application of no more than five End User Common Line (EUCL) charges (commonly referred to as subscriber line charges, or SLCs) to customer-ordered

[1] NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 555 rural rate-of-return regulated incumbent local exchange carriers (ILECs). All of its members are full service local exchange carriers, and many members also provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). And all of NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

[2] 47 C.F.R. § 69.104 (End user common line charges for non-price cap incumbent local exchange carriers).

exchange access service provisioned using digital, high-capacity T-1 interfaces of 1.544 Mbps for which the customer supplies the terminating channelization equipment.[3]

I. INTRODUCTION

Under Section 69.104 of the Commission's rules, Incumbent Local Exchange Carriers (ILECs) are required to levy SLCs "upon end users that subscribe to local exchange telephone service or Centrex service to the extent they do not pay carrier common line charges."[4] The vast majority of residential and single-line businesses are assessed one SLC per physical line, which supports one voice grade channel. Multi-line businesses can be very different. In its initial adoption of section 69.104, the Commission did not address the application of SLCs to technologies providing multiple voice-grade channels over a single physical line or pipe.

II. THE COMMISSION SHOULD ALTER ITS RULES TO ENSURE TECHNOLOGICAL NEUTRAL APPLICATION OF SLC RULES ACROSS FUNCTIONALLY SIMILAR SERVICES.

Many multi-line businesses subscribe to advance, Integrated Services Digital Network (ISDN) or high capacity T-1 service. These services can support multiple voice or data channels over a single physical line. High-capacity T-1 (Digital Transport Service or "DTS) service provides a customer with 24 voice-grade channels or subscriber lines over a single physical pipe. Under current Commission rules carriers are required to assess one SLC for each T-1 derived channel. This results in business customers subscribing to T-1 derived DTS service being assessed 24 SLCs – one for each voice-grade channel – even though those channels are delivered over one physical pipe.

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[3] NECA states that this service is referred to as, and sold under the name, Digital Transport Service (DTS).

[4] 47 C.F.R. 69.104(a).

However, similar services provided by carriers are not required to assess SLCs in the same manner. A functionally similar service is Primary Rate Interface (PRI) Integrated Services Digital Network (ISDN), which allows a customer to obtain 23 voice-grade channels and one data channel. The Commission recently modified its rules concerning the application of SLCs to the PRI ISDN service. The new rules permit the application of only five SLCs to PRI ISDN service for Rate-of-Return carriers.[5]

The subscriber line charge is a monthly per-line charge on a subscriber's bill created by the Commission to aid local carriers in recovering non-traffic sensitive (NTS) network costs. The Commission determined that assessment of one SLC per derived channel for ISDN service would exceed the NTS cost of ISDN service and also acknowledged "the current SLC-per-derived channel rule requires LECs to assess charges that are not related to the NTS costs of the services provided."[6] While the Commission made this determination on PRI ISDN service, it did not address other multi-line technologies, such as DTS.

This unequal treatment of functionally similar services creates an artificial incentive for customers to subscribe to certain services and may cause subscribers to choose a less efficient technology. In this case, a customer would pay substantially less for the PRI ISDN service than for DTS service just because of the differing SLC

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[5] *See,* Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation, CC Docket No. 98-77, Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers, CC Docket No. 98-166, *Second Order and Further Notice of Proposed Rulemaking* in CC Docket No. 00-256*, Fifteenth Report and Order and Order in* CC Docket No. 96-45*, and Report and Order in* CC Docket Nos. 98-77 and 98-116*,* Fed. Reg. 59761 (2001)(MAG Order) ¶56.

[6] *See*, Access Charge Reform, CC Docket No. 96-262, Price Cap Performance Review for Local Exchange Carriers, CC Docket No. 94-1, Transport Rate Structure and Pricing, CC Docket No. 91-213, End User

treatment. The Commission should change its rules to eliminate artificial incentive resulting from un-equal regulatory treatment of functionally equivalent services.

III. LIMITING THE APPLICATION OF NO MORE THAN FIVE SLCs ON CERTAIN HIGH CAPACITY T-1 SERVICE IS IN THE PUBLIC INTEREST

Customers, especially multi-line business customers, often have a variety of service options available to meet their telecommunications needs. Obviously the price of a service is a key factor of any potential customer. The unequal application of SLCs can substantially alter the cost of multi-line service. In its petition, NECA provides data on the difference in price between PRI ISDN service and DTS service charges. The total monthly end user charges for PRI ISDN service amounts to $69.51, while the charges on DTS total $220.80. This results in a difference of $151.69 a month, or $1,815.48 a year in end user charges on customer bills.

As previously stated, PRI ISDN and DTS services are functionally similar in that they provide a comparable number of channels and their loop provisioning is identical. The arbitrary regulatory application of end user charges is the only difference. The NECA data shows that customer ordered T-1 circuits (DTS) for which the customer supplies the terminating channelization equipment impose the same plant costs as PRI ISDN. It is only logical that comparable services provisioned in an identical manner and resulting in the same plant costs should be subject to the same SLC policy.

Equal regulatory treatment of comparable services provides carriers with the ability to more efficiently manage their network, while providing consumers access to

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Common Line Charges, CC Docket No. 95-72, *First Report and Order*, 12 FCC Rcd 15982 (1997) (*First Report and Order*) ¶115.

comparable services at competitive prices. Therefore, NECA's proposed changes are in the public interest.

IV. CONCLUSION

NTCA recommends the Commission adopt NECA's proposed rule changes to Part 69.104 to permit the application of no more than five SLCs to customer-ordered exchange access services that are provisioned using T-1 interfaces for which the customer supplies the terminating channelization equipment. The proposed changes would eliminate regulatory arbitrage and are in the public interest.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS
COOPERATIVE ASSOCIATION

By: /s/ Brian M. O'Hara
Brian M. O'Hara
Regulatory Analyst
(703) 351-2012

By: /s/ L. Marie Guillory
L. Marie Guillory
(703) 351-2021

Its Attorney

4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203

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CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in RM-10603, DA 02-3062 was served on this 2nd day of December 2002 by first-class, U.S. Mail, postage prepaid, to the following persons.

/s/ Gail Malloy
Gail Malloy

Chairman Michael Powell
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, D.C. 20554

Commissioner Kathleen Q. Abernathy
Federal Communications Commission
445 12th Street, SW, Room 8-A204
Washington D.C. 20554

Commissioner Kevin J. Martin
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, D.C. 20554

Commissioner Michael J. Copps
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, D.C. 20554

Qualex International Portals II
445 12th Street, SW
Room CY-B402
Washington, D.C. 20554

Richard Askoff, Esq.
National Exchange Carrier Association, Inc.
80 South Jefferson Road
Whippany, New Jersey 07981

Jeremy D. Marcus
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554